



## Ask and You Shall Receive— A Savings of \$1.475 Million, That Is

Posted by [Pierluigi Oliverio](#) on Monday, January 28, 2008

### City Hall Diary

Several months ago I wrote a [blog](#) "Try It Before You Buy It," where I spoke about the importance of making sure that the City has the option of using technology before actually purchasing it. I shared how large organizations struggle with information technology (IT) implementations when dealing with vendors who often make promises that differ from the actual results received. I also pointed out how the VTA and City of San Jose have spent millions on unwise technology decisions to purchase software.

Since my first council meeting, I have asked "perspicacious" questions regarding software expenditures. Questions that I asked included: What is the return on investment (ROI)? Have references been checked? Was piloting the software allowed? If so, did city staff use the software? Was web-based software available?

Sometimes I think I might come off as "prickly." However, it is important to me to ask these questions—to dig deep. In my opinion, if a company wants city money, then staff needs to make sure they drill the company hard so that at the council meeting, staff is ready to make the case. From my private sector experience, a private company will not shell out dollars without making completely sure they are getting exactly what is promised, because if they don't, they could go out of business or people would get fired.

Let me share an example of what I am talking about. In May 2007, the San Jose Parks Department proposed spending a one time, drop-in-the-bucket amount of \$1.6 million on software to manage the scheduling of parks, reserving facilities and family camp. The scheduling and reservations were previously done by hand on paper.

I challenged the expenditure and asked the questions I mentioned above to staff. I wasn't completely satisfied with their answers, and it appears when it came down to it, they were not satisfied with their answers either. They took on the challenge to investigate my questions further; they went looking to see if money could be saved and if there was a better, more efficient alternative out there.

I am happy to say that staff exceeded my expectations (and I think their own) and brought back a much better proposal in December 2007, which the council accepted.

Staff began by doing a very thorough ROI, justifying the expense by the amount of hours it would save city workers at the community centers. Then, staff chose a web-based solution which is hosted and reduces our upfront and ongoing costs. The amount for this new alternative: \$125,000. Yes, indeed. So, we might have—could have—spent \$1.6 million in one-time money for the same solution that we are spending \$125,000 on instead.

The \$1.6 million proposal is the typical software sale of massive upfront license fees and servers. However, the \$125,000 proposal does not require servers or massive upfront dollars. Instead, we spent \$125,000 on implementation and training and received a better model.

The city would have owned the software with the \$1.6 million dollar option. However, we do not want to own it. Ownership equals expensive and timely upgrades, bug fixes and daily maintenance. Plus, in five years the software and servers would be outdated and we would have to spend more money to update them. Thus the process of spending to keep up would be never ending.

Also important to mention is that the city does not pay any future fees for this purchase. The costs are covered by fees the users pay when they book a room or recreation area. So residents can make reservations from home on the internet vs. driving down to the community center. The vendor of the software company makes money over time based on a portion of individual user fees instead of \$1.6 million up front.

My value-add is that I can do my part in trying to save the city money when I can. Every bit of money saved is a good thing in my book. With money saved—especially on technology—we can help pay off the deficit, hire public safety officers and fund traffic calming.

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